

*School of Health, Physical Education, and Leisure Sciences
University of Northern Iowa*

Socioeconomic Impact of Gambling on Iowans

Final Presentation: November 10, 2005

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Officer)*

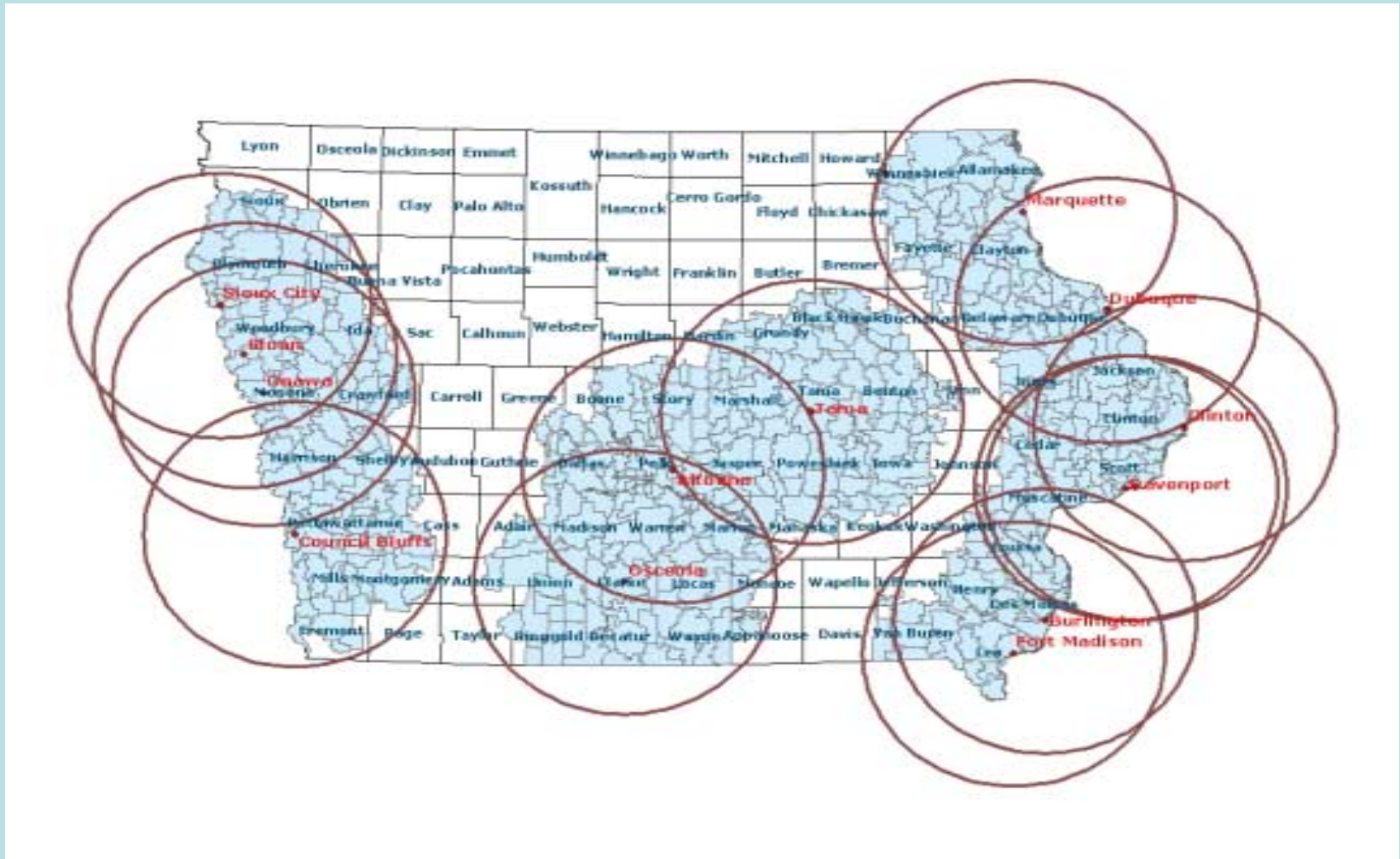
*Dr. Gene Lutz (First Investigating Officer, Social
Impact Data Collection)*

Study Objectives

- To determine:
 - Economic impact of gambling at existing Iowa casinos on the local community
 - Socioeconomic characteristics of gamblers
 - Perceptions of social impact of gambling on the local community
 - Impact of problem gambling

Study Areas: I, II, III and IV

Study Area II



Study Limitations

- Economic Impact
 - Admissions – ambiguous when equated to casino visitors
 - Estimation of expenditures
 - Possible overestimation and underestimation of spending
- Non-availability of data
 - Historical
 - Attraction visitation counts

FINDINGS

ECONOMIC IMPACT

- Casino visitors generate substantial economic impacts
 - \$3.5 billion and 34,364 jobs
 - Taxes and charitable contributions – \$323.7 million
- Casino counties and control counties have similar visual trends with regard to unemployment rate
- Thirty percent of the resident spending in the casinos is displaced
- Resident perceptions – majority agree with the economic benefits
 - A substantial percentage disagrees with the increased employment opportunities and investment in the community (37%)

SOCIOECONOMIC CHARACTERISTICS OF GAMBLERS

- Club Player demographics similar to the general casino visitors
 - Majority above 40 years of age
 - Majority are females
 - 60% are married and 13% are divorced
 - Annual household income above \$50,000 for 44%
 - Average travel party size: 2

PERCEPTIONS OF SOCIAL IMPACT OF GAMBLING ON THE LOCAL COMMUNITY

- Majority positive about the impact on the infrastructure and the environment
- However, according to a substantial percentage:
 - Quality of recreation opportunities has not improved (40%)
 - Roads and public facilities have not been kept at a high standard (31%)
 - New and improved facilities have not been built (35%)
- More funds needed for:
 - credit counseling programs
 - promotion of Iowa Gambling Treatment Program
 - Education
 - Youth programs
 - Reduction of property taxes
 - Senior citizen programs

STUDY FINDINGS ON THE IMPACT OF PROBLEM GAMBLING

- Perceptions: local residents borrow money to gamble
- The survey data and the historical data point to significant ties between bankruptcy and gambling
- The survey data also shows that a substantial number of residents perceive that divorce rates have increased because of casino gambling (35%)
- Historical data indicates crime in casino counties is higher than the control group of counties- **needs further investigation**

Economic Impact of Casino Gambling in Iowa

Economic Impacts (Direct, Indirect, and Induced)

- Total Impact: \$3.5 billion
- Output: \$2.3 billion
- Value Added: \$1.2 billion
- Total Employment: 34,364
- Total Payroll: \$679.3 million
- Total Indirect Business Taxes: \$141.2 million

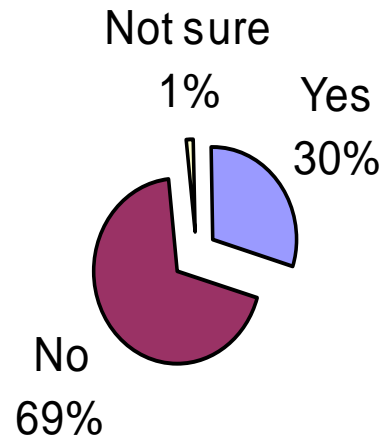
Economic Impact of the Casino Gambling Sector

- Industry Output or Gross Sales: \$1.1 billion
- Value Added to the Economy: \$555.9 million
- Total Employment: 11,425
- Employee Compensation: \$305.6 million
- Indirect Business Taxes: \$70.0 million

Retained and Displaced Expenditures

If a casino was not available in your area, would you have participated in another form of entertainment?

(N= 647)

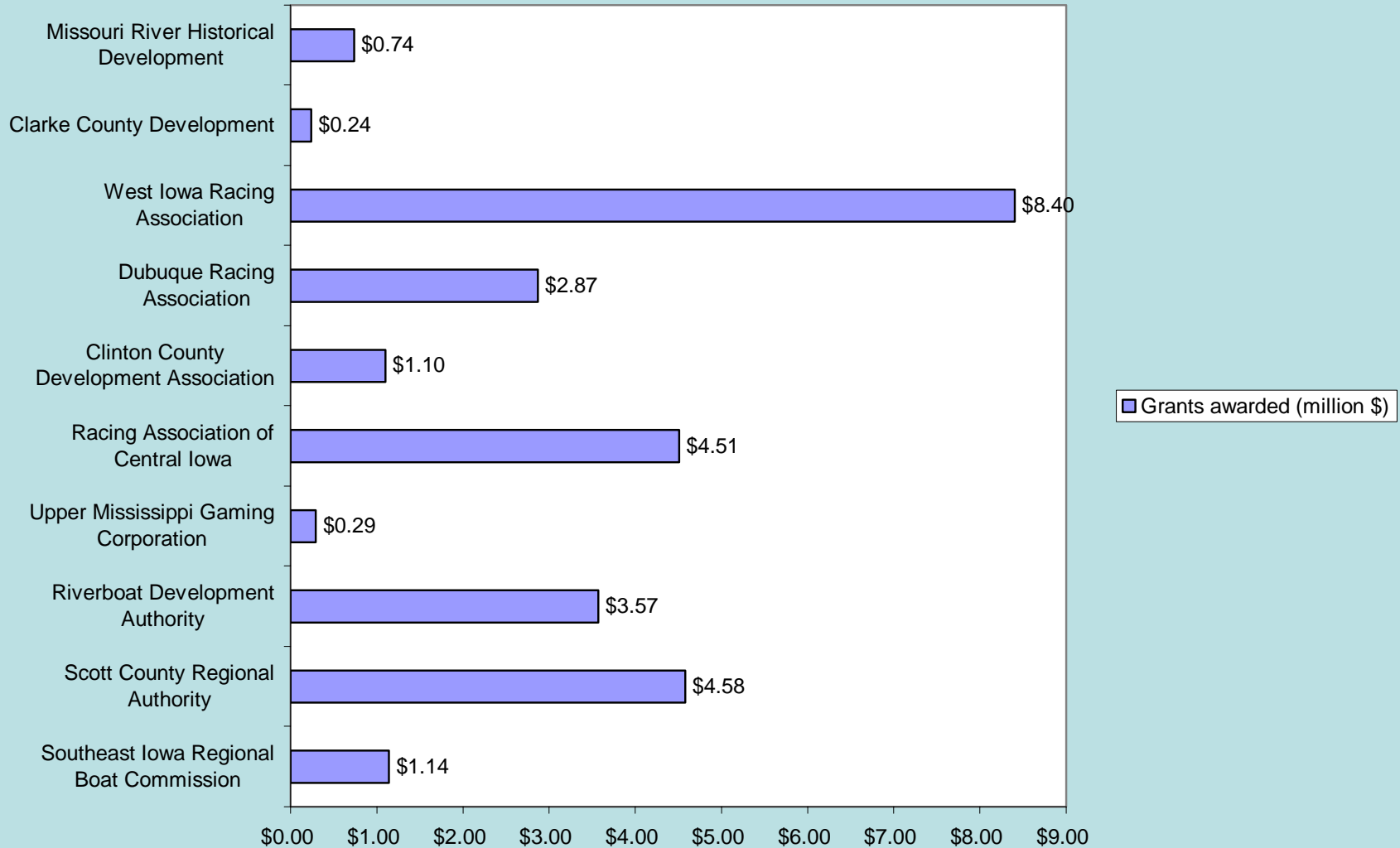


Breakdown of Induced Impacts

	Casino County	Adjacent Counties	Neighboring State (s)
Ameristar	Pottawattamie (49%)	Mills (4%), Harris (2%)	43%
Argosy	Woodbury (69%)	Negligible	24%
Catfish Bend	Lee (43%), Des Moines (41%)	Henry (2%), Louisa (.5%), Van Buren (.5%)	13%
Harrah's Bluffs Run	Pottawattamie (52%)	Negligible	48%
Diamond Jo	Dubuque (71%)	Jackson (5%)	23%
Dubuque Greyhound	Dubuque (83%)	Negligible	17%
Harrah's Council Bluffs	Pottawattamie (43%)	Mills (4%), Harrison (3%)	50%
Isle of Capri, Bettendorf	Scott (50%)	Clinton (2%)	47%
Isle of Capri, Marquette	Clayton (46%)	Allamakee (12%)	42%
Mississippi Belle II	Clinton (70%)	Dubuque (10%)	18%
Rhythm City	Scott (52%)	Negligible	44%

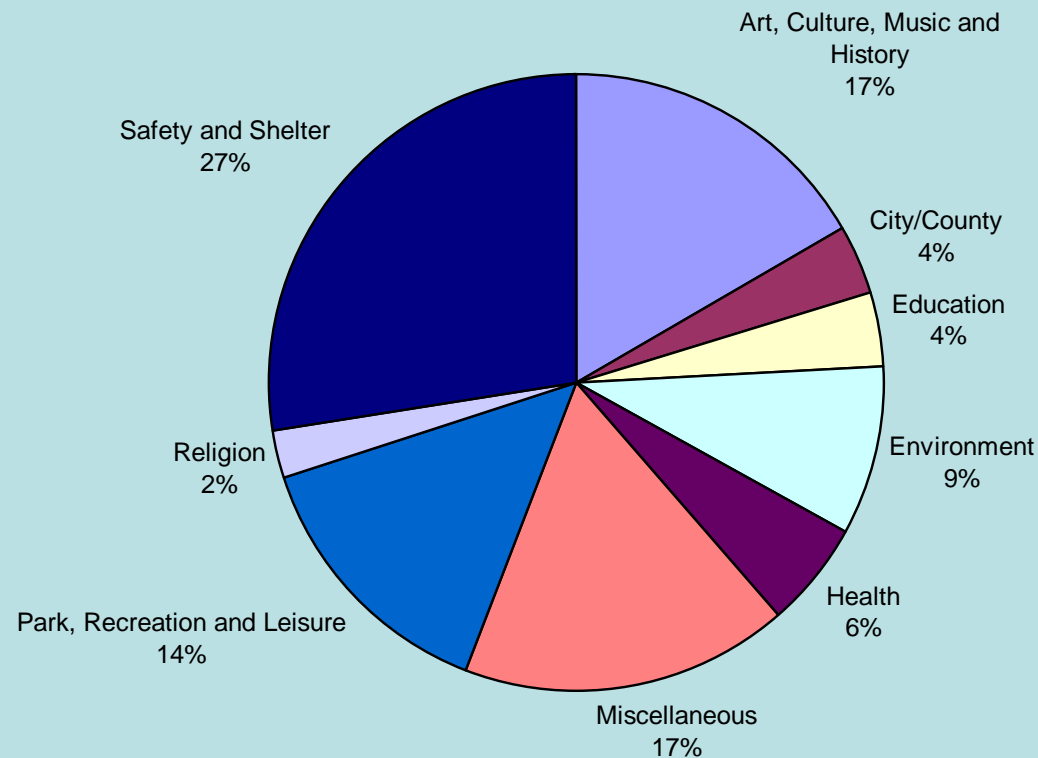
Charitable Contributions

Grants Awarded (million \$)



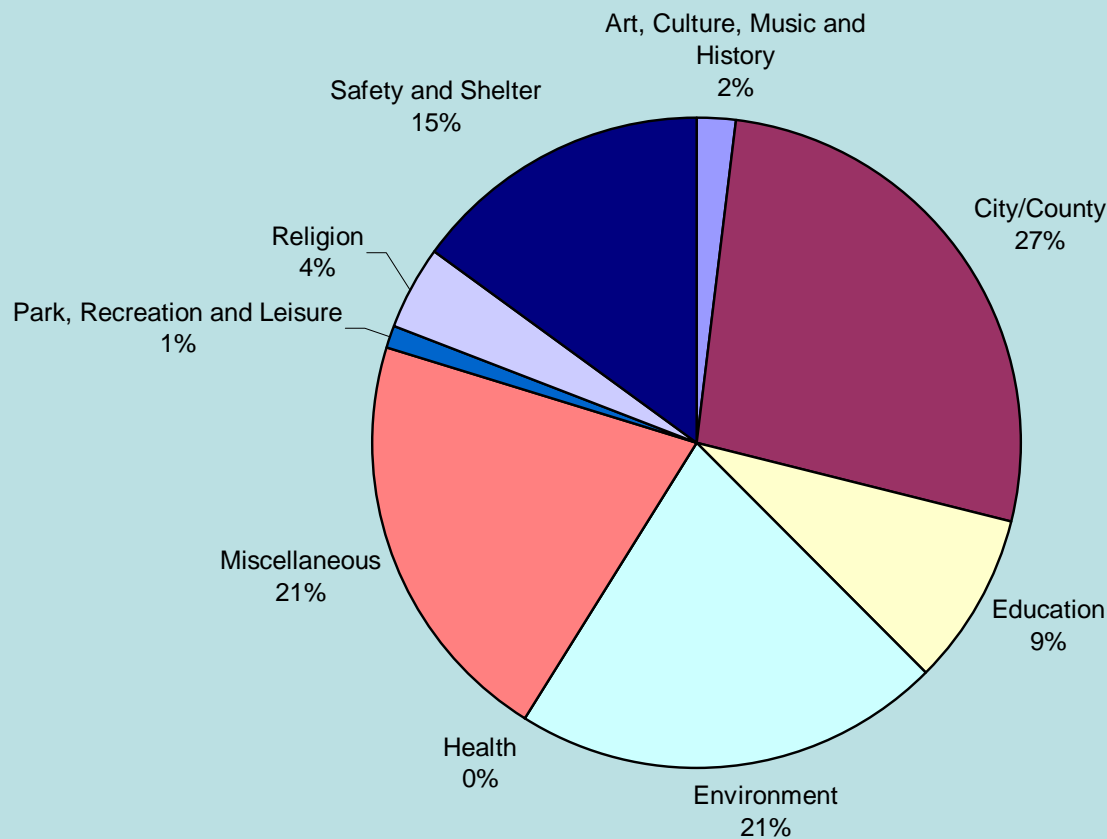
Grant Recipient Categ. of Clinton County Development Association.

Clinton County Community Development Association Grant Recipients of \$.84 million for
Calendar Year 2003



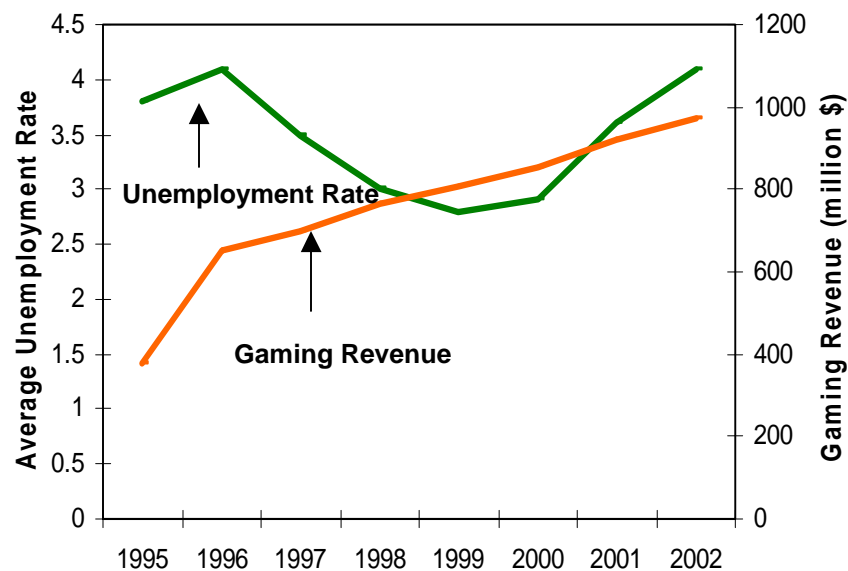
Grant Recipient Categories of Clarke County Development

Clarke County Development Grant Recipients of \$.45 million for Calendar Year 2003

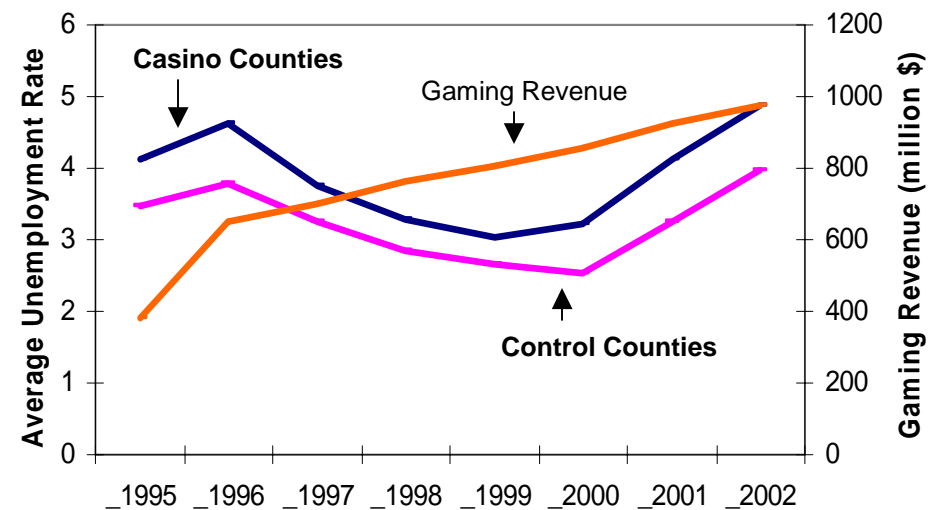


Unemployment Visual Trend in Iowa

Adjusted Gaming Revenue and Average Unemployment Rate

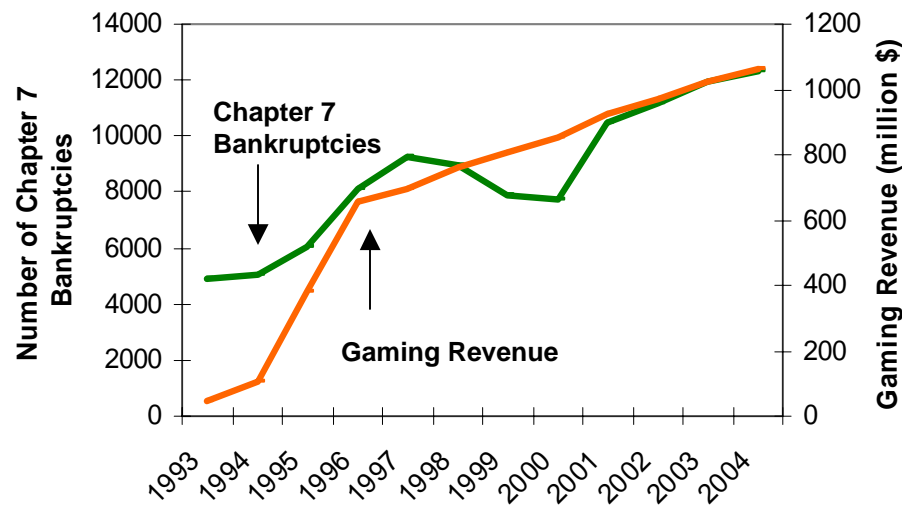


Adjusted Gaming Revenue and Average Unemployment Rate in Casino and Control Counties

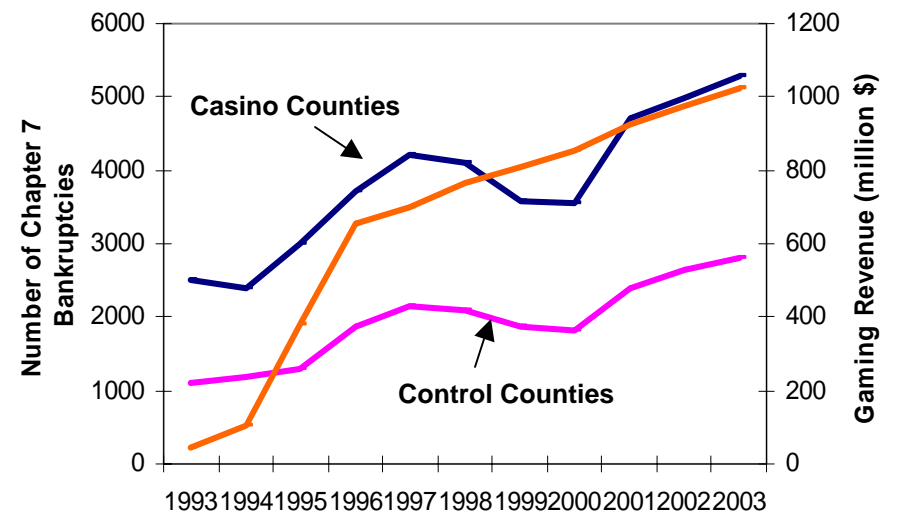


Chapter Seven Bankruptcy (Business) Visual Trend

Adjusted Gaming Revenue and Chapter Seven Bankruptcy

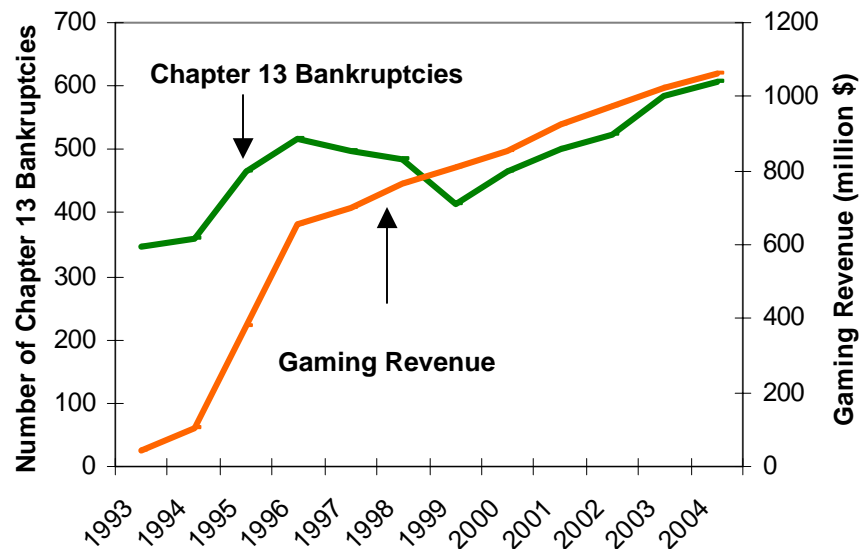


Adjusted Gaming Revenue and Chapter Seven Bankruptcy in Casino and Control Counties

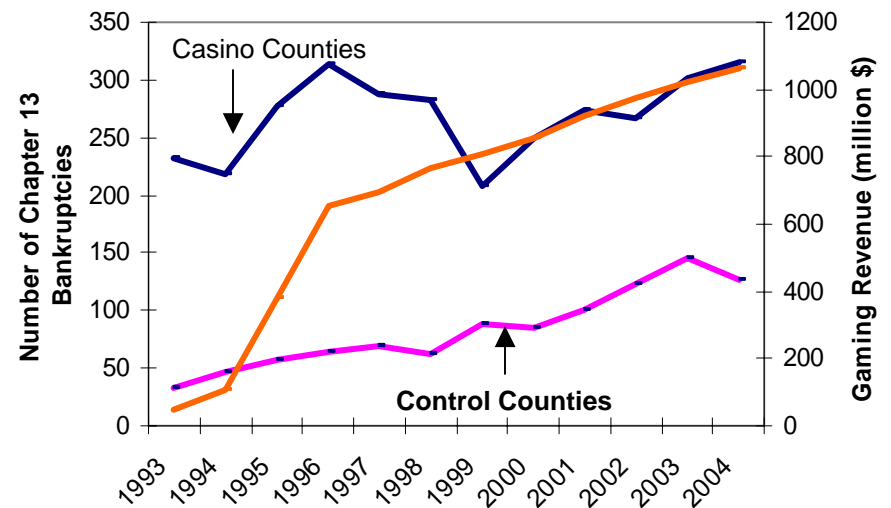


Chapter Thirteen (Personal) Bankruptcy Visual Trend

Adjusted Gaming Revenue (million \$) and Chapter Thirteen Bankruptcy in Iowa



Adjusted Gaming Revenue (million \$) and Chapter Thirteen Bankruptcy in Casino and Control Counties



Casino Visitor Demographics

Club Player Demographics

	Argosy	Ameristar	Isle of Capri Marquette	Diamond Jo	Catfish Bend	Dubuque Greyhound	Mississippi Belle II
Gender							
Male	37.60%	48.50%	47.00%	36.00%	47.00%	39.40%	42.00%
Female	43.30%	48.80%	52.00%	42.00%	53.00%	57.00%	58.00%
Residence							
Local	33.00%	5.60%	7.00%	13.00%	29.00%	17.50%	8.00%
In-State	24.00%	13.60%	26.00%	24.00%	22.00%	25.00%	17.00%
Out-of-State	43.00%	80.80%	67.00%	63.00%	49.00%	57.50%	75.00%
Age							
21-29	11.00%	11.50%	6.00%	4.70%	14%	2.00%	2.00%
30-39	13.20%	12.70%	10.00%	5.90%	12%	4.00%	7.00%
40-49	17.20%	19.40%	17.00%	12.00%	18%	11.00%	14.00%
50-59	17.90%	22.40%	24.00%	20.50%	20%	22.00%	20.00%
> 60	35.00%	34.00%	43.00%	50.30%	36%	61.00%	57.00%

Note: Some of the percentage allocations do not total 100% because of an unknown category due to some patrons registering with their initials only

Player Club Member Demographics

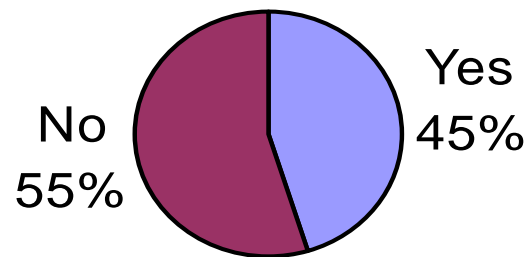
	Lakeside	Rhythm City	Isle of Capri, Bettendorf	Harrah's	Harrah's Bluffs Run	Prairie Meadows
Gender						
Male	48.00%	44.30%	43.40%	49.00%	44.00%	45.80%
Female	46.00%	55.70%	56.60%	51.00%	56.00%	53.60%
Residence						
Local	4.00%	17.00%	7.00%	6.00%	12.00%	61.50%
In State	96.00%	27.00%	19.00%	13.00%	13.00%	23.30%
Out of State		56.00%	74.00%	81.00%	75.00%	15.10%
Age						
21-29	7.00%	7.80%	6.10%	10.00%	6.00%	6.70%
30-39	9.00%	11.40%	8.80%	13.00%	9.00%	8.20%
40-49	15.00%	16.30%	14.40%	20.00%	19.00%	15.90%
50-59	22.00%	20.60%	21.70%	25.00%	26.00%	23.40%

Note: Some of the percentage allocations do not total 100% because of an unknown category – see previous note

Resident Gambling Behavior, and Perceptions of Gambling Impacts

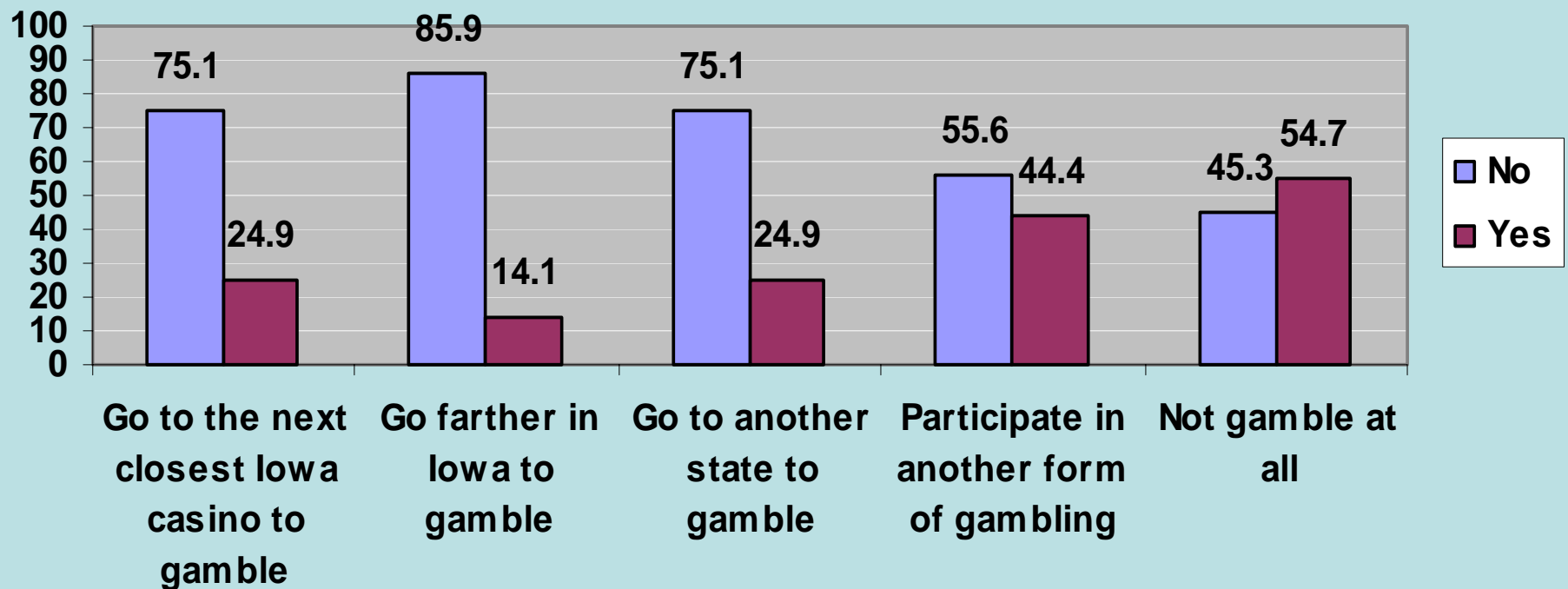
Gambling Behavior of Iowan Residents

Will you gamble if no casino is available in your area? (N=647)



Gambling Intentions

If a casino was not available in my area, I will (%)



Gambling Behavior of lowans (within the last 12 months)

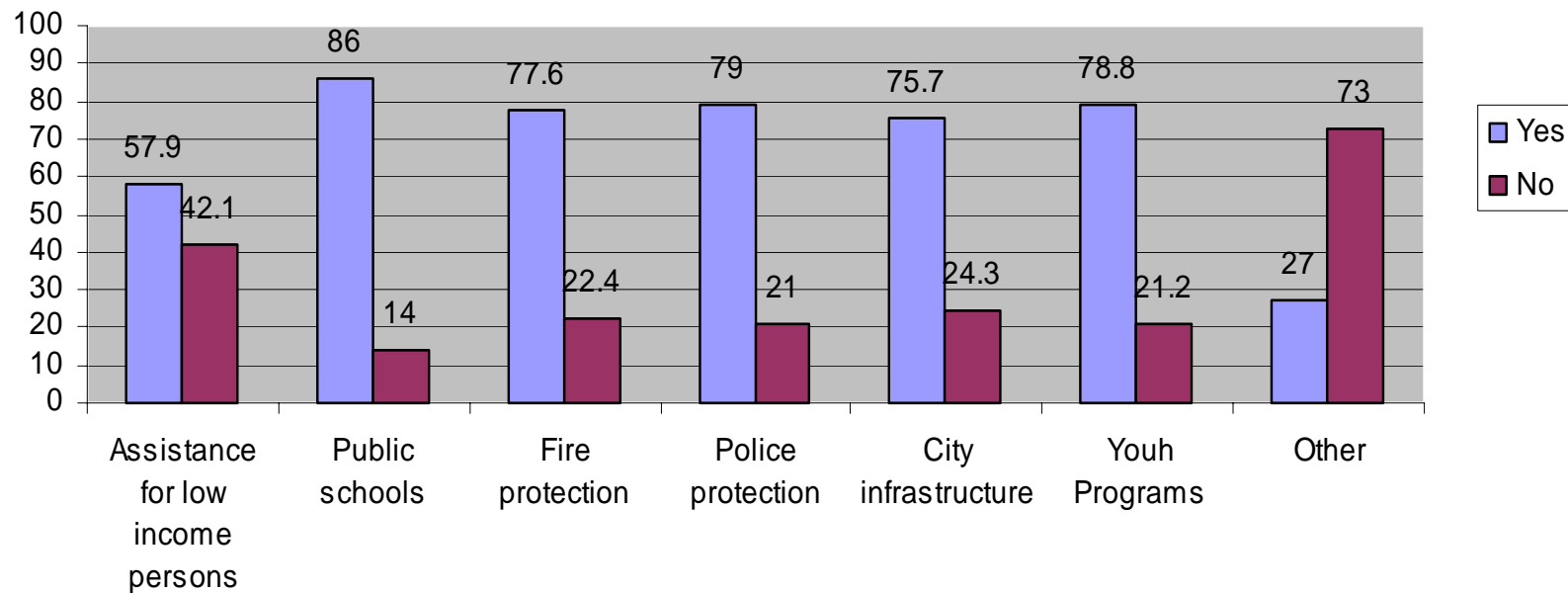
	Average	Median	Standard Deviation	Maximum
Distance Traveled ^a (miles)	24.1	19	28.52	300
Spending each month on casino gambling (\$)	73.3	25	314.93	5000
Largest amount lost in Iowa ^{b (\$)}	90.62	37.5	426.57	10,000.00
Largest amount lost outside Iowa ^{b (\$)}	127.1	25	445.78	5000
Number of times gambled	7.9	3	19.64	260

a: one way in or out of Iowa to the most visited casino

b: in one trip

Perceptions of Iowan Residents

How do you think gambling tax revenue should be spent in your local community? (%)



Resident Perceptions of Economic Impacts

	Strongly Disagree/Disagree	Neutral	Strongly Agree/Agree	Average Rating
The prices of goods and services have increased	52.7%	14.6%	14.6%	2.5 (N=837)
High spending of visitors negatively affected way of living	65.6%	8.0%	13.8%	2.4 (N=904)
<i>Roads and public facilities kept at a high standard</i>	<i>31.4%</i>	<i>10.1%</i>	<i>51.0%</i>	<i>3.2 (N=982)</i>
<i>New and improved facilities have been built</i>	<i>34.8%</i>	<i>5.2%</i>	<i>49.5%</i>	<i>3.2 (N=945)</i>
<i>More investment has come to my community</i>	<i>38.6%</i>	<i>7.4%</i>	<i>44.9%</i>	<i>2.5 (N=962)</i>
<i>Area businesses have been negatively affected</i>	<i>62.6%</i>	<i>8.1%</i>	<i>20.5%</i>	<i>2.5 (N=972)</i>
<i>Waste of local taxpayers money to improve public facilities</i>	<i>56.6%</i>	<i>7.7%</i>	<i>25.3%</i>	<i>2.7 (N=943)</i>
<i>Increased employment opportunities in the community</i>	<i>36.9%</i>	<i>5.5%</i>	<i>51.5%</i>	<i>3.2 (N=989)</i>
<i>Price of real estate has increased</i>	<i>44.0%</i>	<i>9.5%</i>	<i>35.4%</i>	<i>2.9 (N=950)</i>
Personal economic benefits from gambling	83.7%	3.3%	9.4%	2.0 (N=1034)

Resident Perceptions of Social, Environmental and Crime Impacts

	Strongly Disagree/Disagree	Neutral	Strongly Agree/Agree	Average Rating
Larger crowds decrease my enjoyment of activities in public areas	75.5%	6.0%	12.2%	2.3 (N=990)
<i>There is more traffic congestion</i>	<i>63.3%</i>	<i>4.4%</i>	<i>27.8%</i>	<i>2.6 (N=1018)</i>
<i>There are more driving hazards</i>	<i>66.4%</i>	<i>4.6%</i>	<i>23.9%</i>	<i>2.6 (N=1007)</i>
Noise levels have increased	77.1%	5.6%	11.5%	2.3 (N=1000)
There is more vandalism in my community	72.9%	6.9%	14.2%	2.4 (N=995)
Local crime has increased	67.5%	7.3%	18.4%	2.5 (N=994)
Historic value of my community has been affected	75.7%	5.3%	13.3%	2.3 (N=1009)
There are more opportunities to learn about different cultures and practices of people	52.1%	11.6%	27.6%	2.7 (N=990)
<i>Local residents feel pride in my community</i>	<i>49.1%</i>	<i>15.1%</i>	<i>28.4%</i>	<i>2.8 (N=986)</i>
<i>Lower quality in some natural areas due to construction of casino facilities</i>	<i>63.4%</i>	<i>7.5%</i>	<i>21.6%</i>	<i>2.5 (N=972)</i>
<i>Quality of recreation opportunities have increased</i>	<i>40.3%</i>	<i>8.9%</i>	<i>44.0%</i>	<i>3.0 (N=990)</i>
<i>There are more opportunities to meet interesting people</i>	<i>46.4%</i>	<i>11.5%</i>	<i>35.4%</i>	<i>2.9 (N=987)</i>
I have personally benefited from interactions with casino visitors	77.1%	7.0%	12.3%	2.7 (N=1030)

Resident Attitude towards Gambling

	Strongly Disagree/Disagree	Neutral	Strongly Agree/Agree	Average Rating
<i>I am morally against gambling</i>	<i>61.5%</i>	<i>11.1%</i>	<i>26.9%</i>	<i>2.7 (N=1069)</i>
<i>I think casino gambling is associated with crime</i>	<i>59.8%</i>	<i>8.8%</i>	<i>29.8%</i>	<i>2.7 (N=1052)</i>
<i>Casino gambling has contributed positively to my community</i>	<i>40.2%</i>	<i>12.1%</i>	<i>45.1%</i>	<i>3.0 (N=1040)</i>
<i>Casino Gambling is a positive leisure activity</i>	<i>44.4%</i>	<i>16.1%</i>	<i>37.5%</i>	<i>2.9 (N=1049)</i>
<i>Casino gambling is a vice</i>	<i>26.1%</i>	<i>13.2%</i>	<i>54.9%</i>	<i>3.4 (N=1011)</i>
<i>I am glad we have a casino in our area</i>	<i>36.2%</i>	<i>20.3%</i>	<i>42.8%</i>	<i>3.0 (N=1064)</i>
I am satisfied with my community as a place to live	5.1%	1.8%	92.8%	4.0 (N=1072)
I feel safe here	3.5%	1.8%	94.5%	4.0 (N=1072)
My family is safe here	3.4%	2.6%	93.2%	4.0 (N=1064)

Perceptions of Problem Gambling

	Strongly Disagree/Disagree	Neutral	Strongly Agree/Agree	Average Rating
<i>It has resulted in quarrels</i>	47.2%	13.6%	24.8%	2.7 (N=895)
It has resulted in negative thoughts of life	58.7%	12.0%	17.8%	2.5 (N=921)
Loosing/quitting jobs is frequent because of casino gambling	57.9%	11.9%	18.4%	2.6 (N=923)
<i>Local residents borrow money to gamble</i>	24.9%	13.0%	40.4%	3.2 (N=824)
Local residents engage in illegal activities	56.3%	11.6%	19.0%	2.6 (N=917)
Local residents have lost interest in their work	65.9%	10.2%	13.3%	2.4 (N=940)
<i>Alcoholism has increased</i>	50.5%	13.1%	23.4%	2.7 (N=910)
<i>There is prostitution</i>	56.0%	11.8%	20.3%	2.4 (N=829)
<i>Divorce rates have increased</i>	44.1%	13.3%	35.4%	2.8 (N=880)
<i>Bankruptcies have resulted</i>	29.8%	10.9%	44.2%	3.2 (N=903)
<i>Attendance has decreased to other entertainment centers such as museums and cinema</i>	50.4%	7.5%	32.5%	3.1 (N=948)

Perceptions of Key Personnel

*Social Service Providers, Law
Enforcement Officers, and
Economic Development Officers*

Perceptions

	Strongly Disagree/Disagree	Neutral	Strongly Agree/Agree	Average Rating
<i>Roads and public facilities are kept at a high standard</i>	21.9%	17.9%	50.4%	3.4 (N=111)
<i>New and improved facilities have been built</i>	22.8%	8.1%	61.0%	3.5 (N=113)
<i>Price of real estate has increased</i>	30.1%	26.0%	26.9%	3.0 (N=102)
<i>Personal economic benefits from gambling</i>	54.5%	5.7%	33.4%	2.7 (N=115)
<i>There is more traffic congestion</i>	55.3%	8.9%	33.4%	2.8 (N=120)
<i>There are more driving hazards</i>	67.4%	8.9%	20.4%	2.5 (N=119)
<i>Local residents feel pride in my community</i>	22.0%	30.1%	36.5%	3.2 (N=109)

Perceptions of Problem Gambling

	Strongly Disagree/Disagree	Neutral	Strongly Agree/Agree	Average Rating
<i>It has resulted in quarrels</i>	29.4%	18.7%	32.6%	3.1 (N=99)
It has resulted in negative thoughts of life	69.8%	13.0%	17.1%	2.2 (N=106)
Loosing/quitting jobs is frequent because of casino gambling	59.3%	14.6%	8.1%	2.4 (N=101)
<i>Local residents borrow money to gamble</i>	14.6%	15.4%	36.6%	3.3 (N=82)
Local residents engage in illegal activities	61.8%	10.6%	15.4%	2.5 (N=108)
<i>Local residents have lost interest in their work</i>	79.7%	12.2%	20.3%	2.3 (N=104)
Alcoholism has increased	52.0%	14.6%	14.6%	2.6 (N=100)
<i>There is prostitution</i>	63.4%	8.9%	27.7%	2.1 (N=96)
Divorce rates have increased	39.0%	21.1%	9.8%	2.6 (N=86)
<i>Bankruptcies have increased</i>	17.1%	13.8%	34.2%	3.3 (N=80)
Attendance has decreased to other entertainment centers such as museums and cinema	63.4%	9.8%	16.2%	2.9 (N=111)

Responses from Casino County Key Personnel Interviews

- Positive
 - *grants and money back into the community*
 - *tourism - brings people from neighboring counties and cities*
 - *makes the community a destination rather than a quick stop in the interstate*
 - *helps clean up the riverfront*
 - *money to law enforcement and fire stations, money to social services*
 - *important in development and growth, casino buys supplies from local businesses, more new businesses and employment*
 - *schools are upgraded*
 - *have not seen the forecasted increase in crime*
 - *the casino is no different than a new bar or other place that serves alcohol*
 - *positives outweigh negatives*

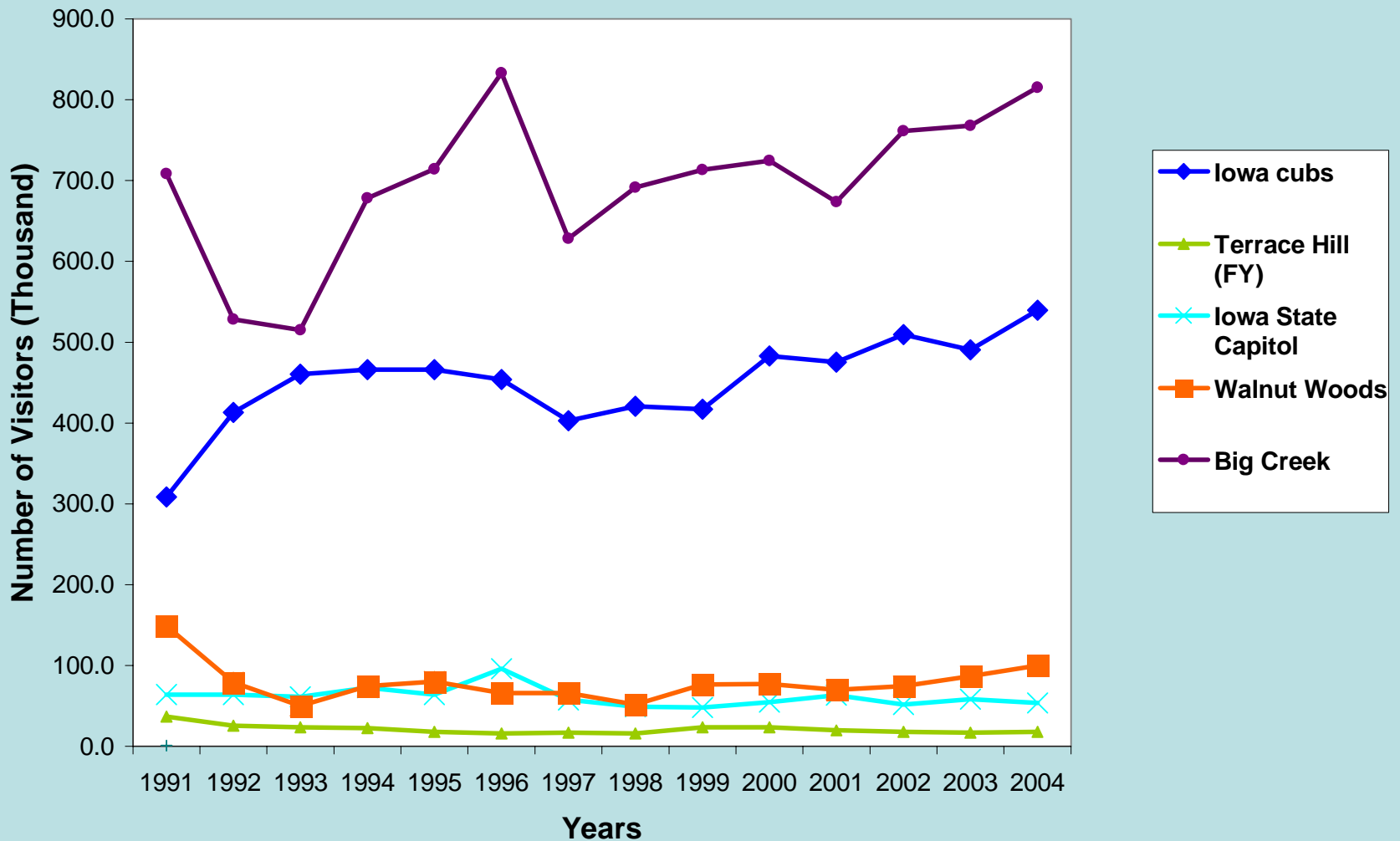
Responses from Casino County Key Personnel Interviews

- Negative
 - *gambling addictions, bankruptcies, family disputes and breakups*
 - *those gambling away all their money are the ones who can not afford to do so*
 - *people on fixed incomes (disability, social security) gamble away their money*
 - *bad for local business, a lot of wealth is concentrated in one place*
 - *traffic congestion, the riverfront is now ugly*
 - *crime related to casino: fraud, theft, DUI, alcohol arrests up*
 - *casinos move money around and don't create wealth in the community*
 - *negatives outweigh positives*
 - *costs to the community*
 - *law enforcement demands, human and family service demands, more social workers, security for establishment and upkeep, public resources, and gambling rehabilitation services, and road improvement*

Impact on Substitute Sites

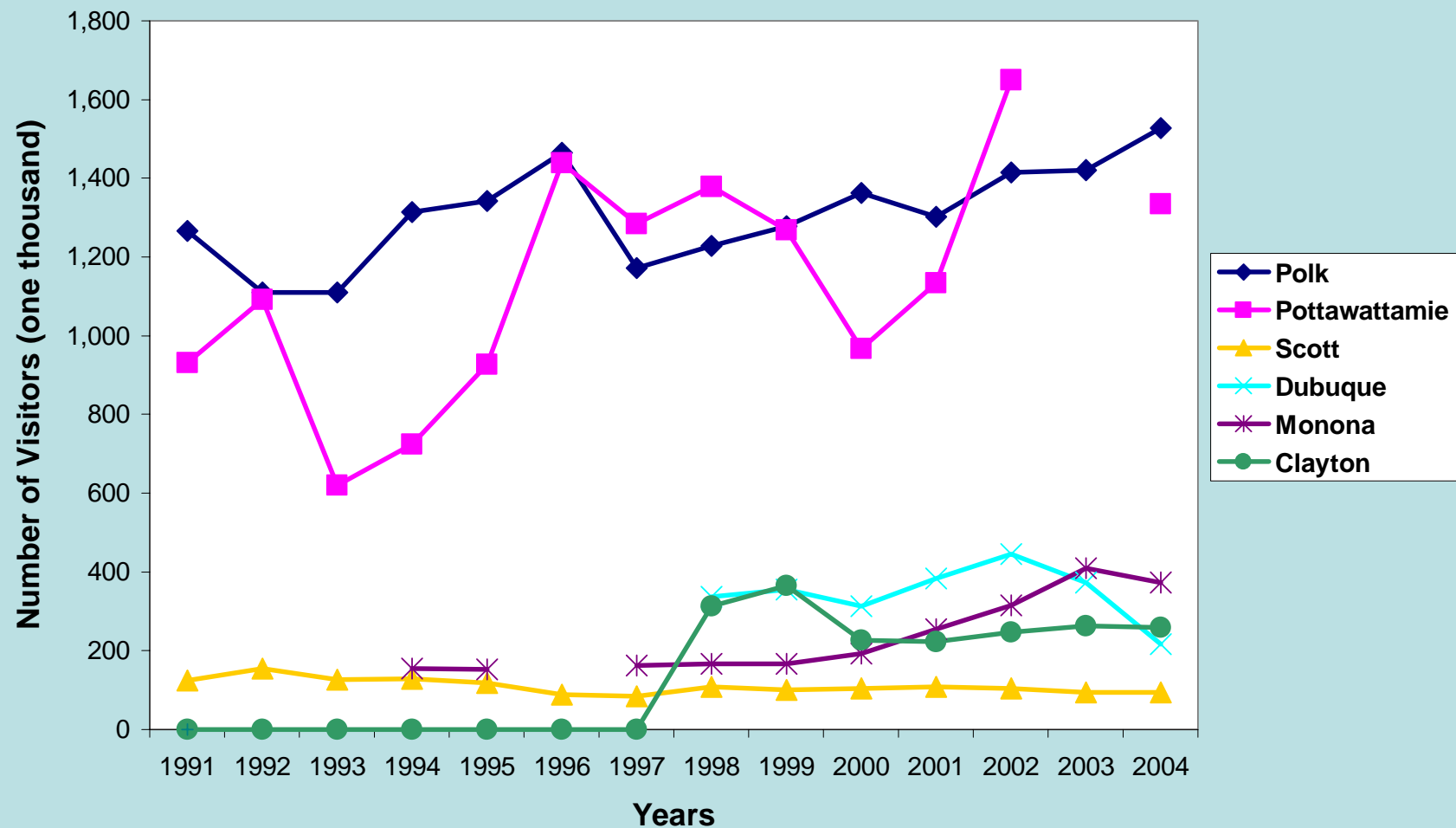
Visual Visitation Trend For Polk County

Annual Visitation to Attractions in Polk County



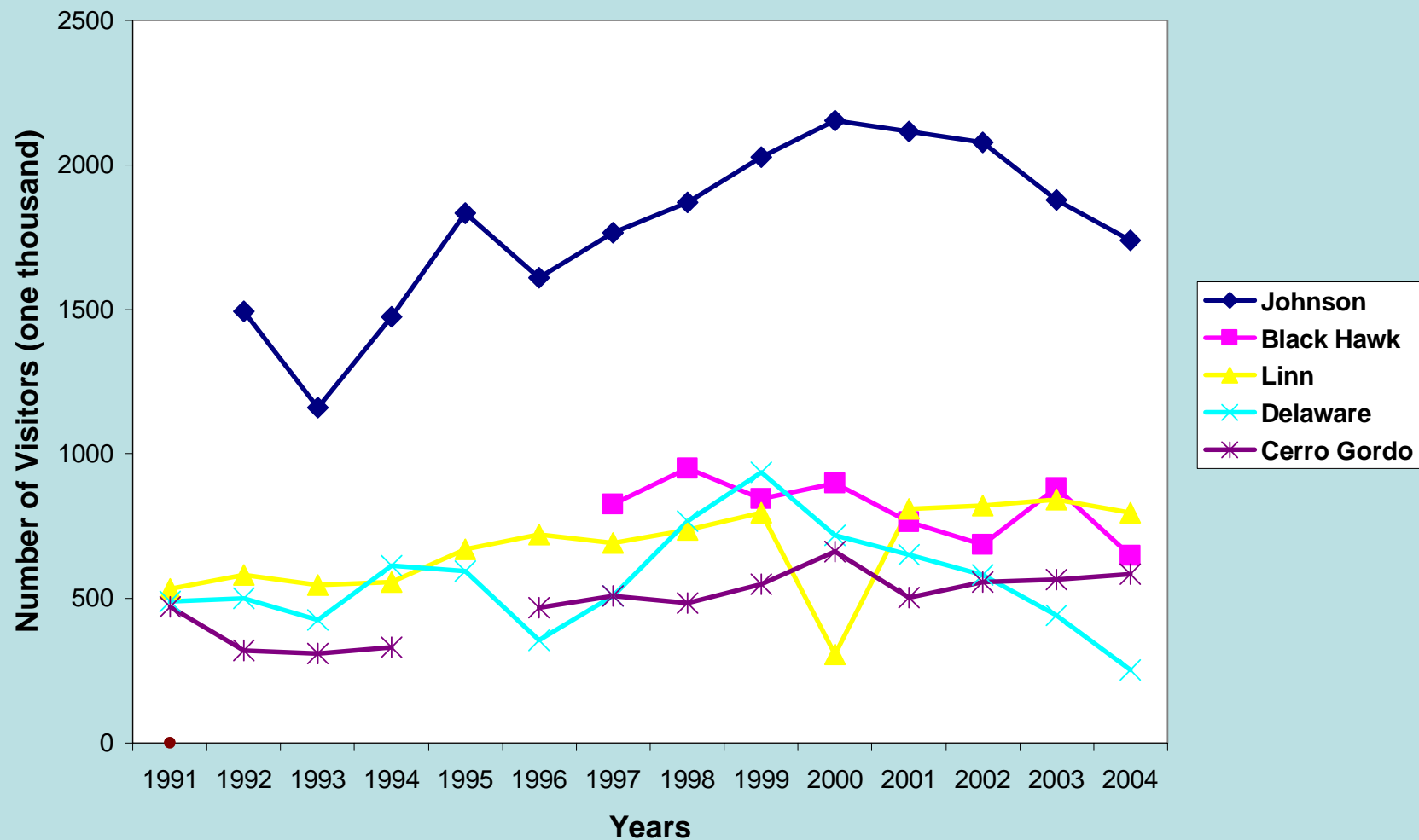
Visitation Visual Trend for Other Casino Counties

Annual Visitation to Attractions in Casino Counties



Visitation Visual Trend for Control Counties

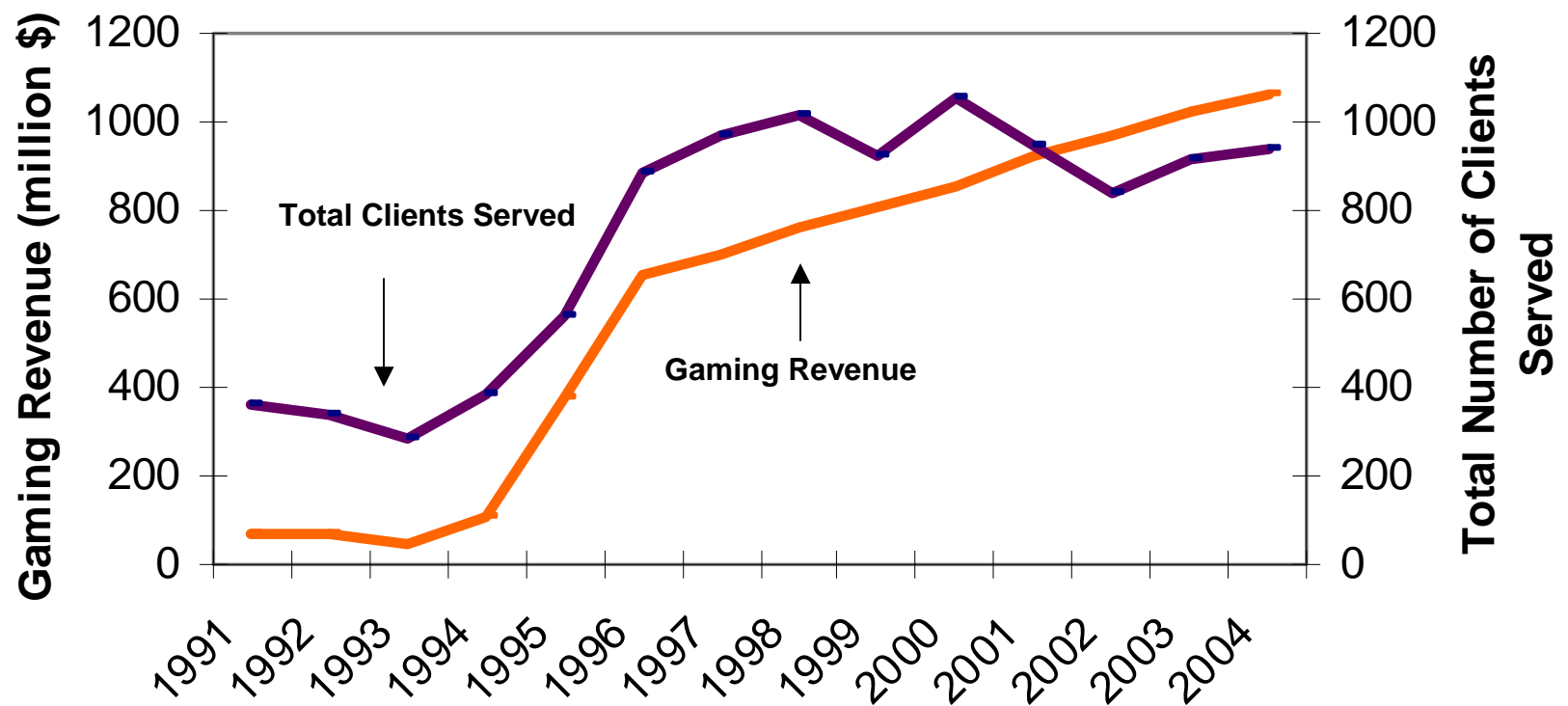
Annual Visitation to Attractions in Control Counties



Pathological Gambling

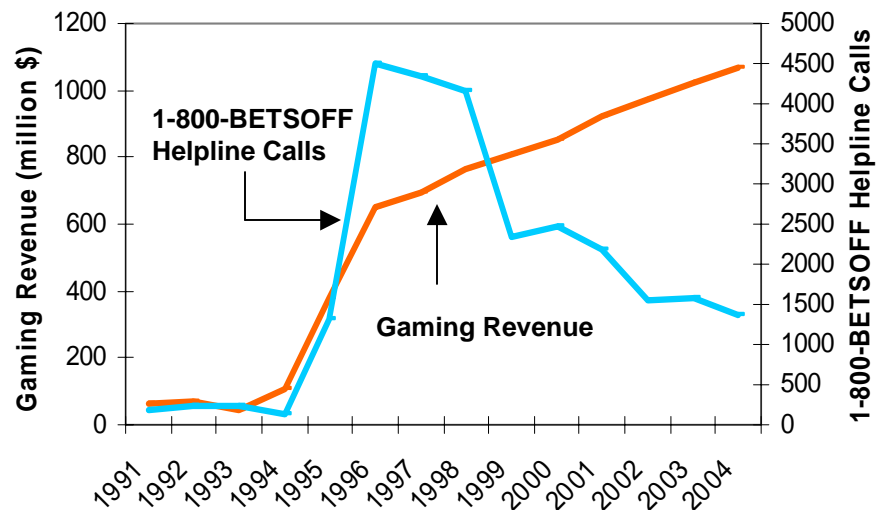
Casino Revenues and Total Clients Served

**Adjusted Gaming Revenue and Total Clients Served
from 1991-2004**

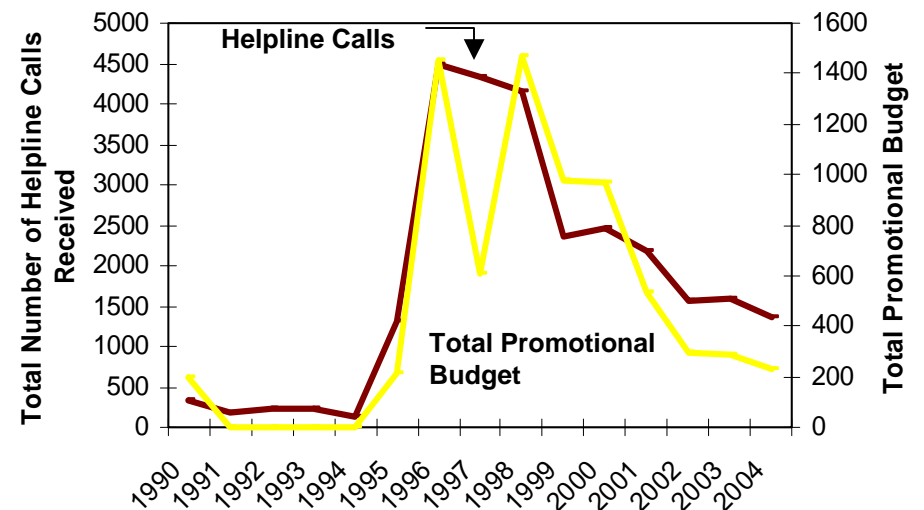


Association between Promotion Budget and Helpline Calls

Adjusted Gaming Revenue and Total 1-800-BETSOFF Telephone Calls from 1991 to 2004



Total Promotional Budget and Total Helpline Calls Received



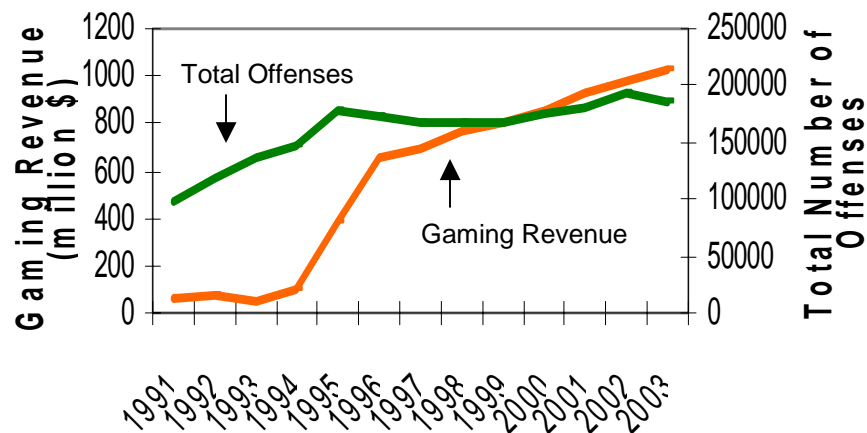
Responses from Key Personnel of the Treatment Agencies

- Positive:
 - *Treatment services are funded*
 - *Tourism industry has grown*
 - *More charitable contributions*
 - *Contributions to the State government without raising the taxes*
- Negative:
 - *Compulsive gambling addiction*
 - *Family problems*
 - *Relationship – marital problems*
 - *Financial – bankruptcy*
 - *Child neglect*
 - *Severe depression*
 - *Taken business away from local areas*
 - *Illegal gambling has resulted*

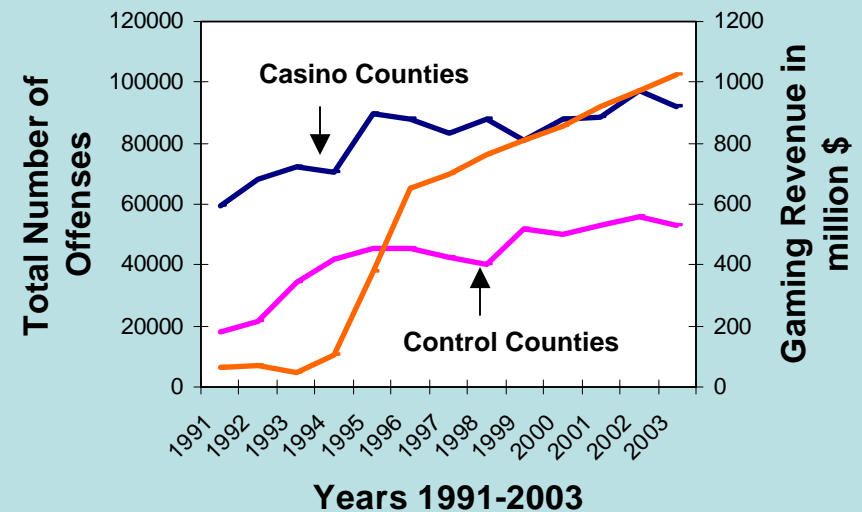
Crime

Crime: Total Offenses Visual Trend

Adjusted Gaming Revenue and Total Offenses in Iowa

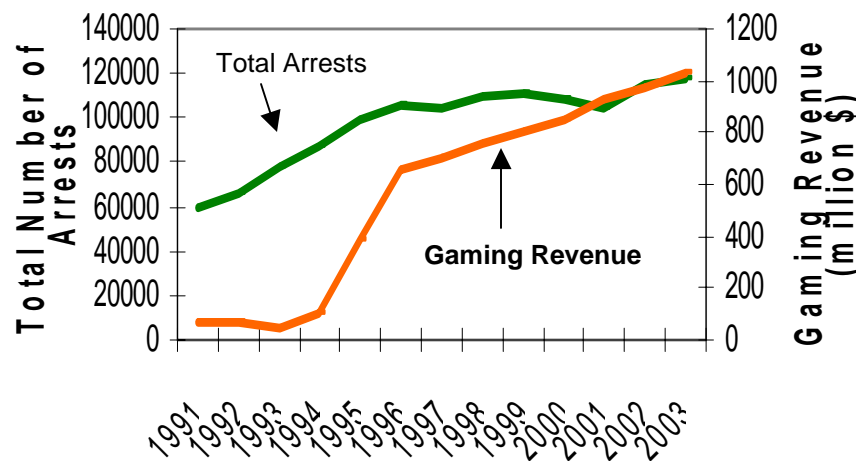


Gaming Revenue and Total Offenses for Casino and Control Counties

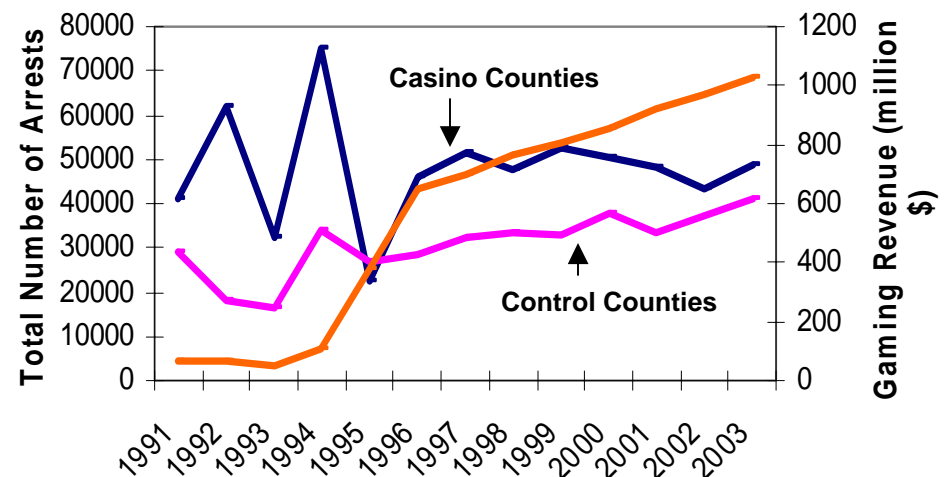


Crime: Total Arrests Visual Trend

Adjusted Gaming Revenue and Total Arrests in Iowa

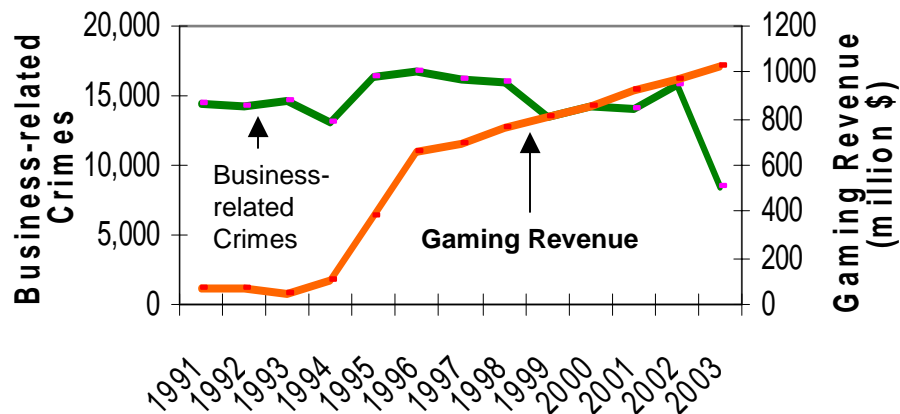


Adjusted Gaming Revenue and Total Arrests in Casino and Control Counties

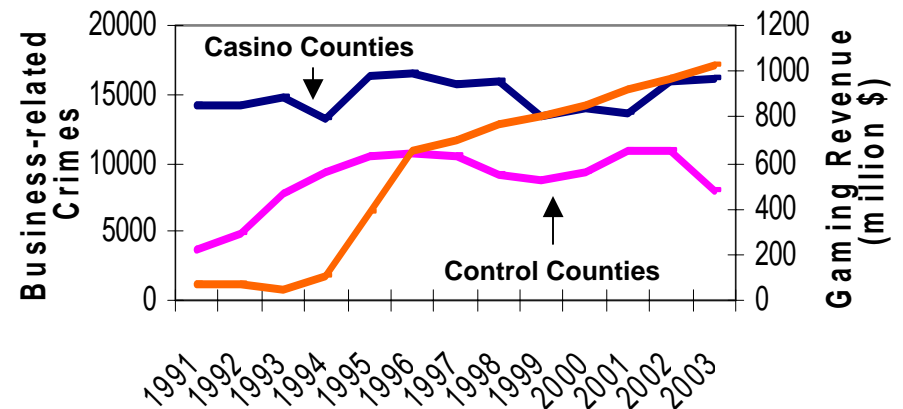


Crime: Business Related Crimes Visual Trend

Adjusted Gaming Revenue and Business-related Crimes in Iowa



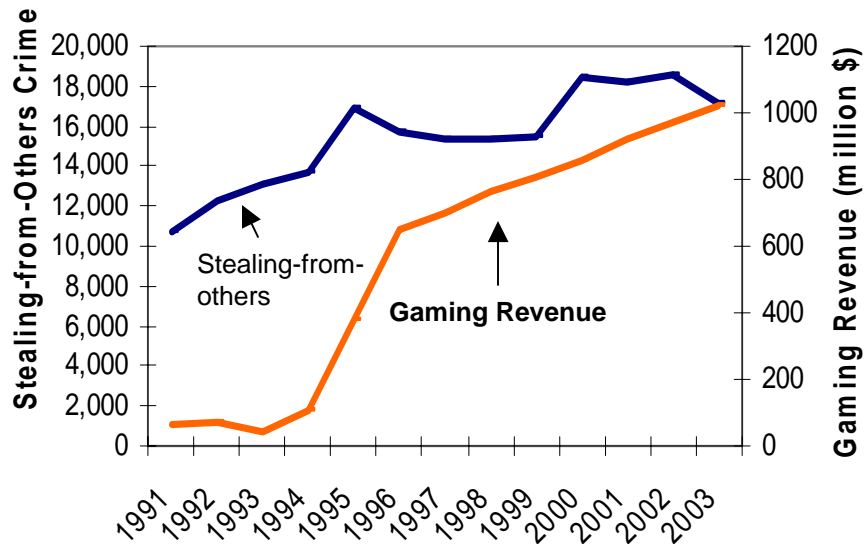
Adjusted Gaming Revenue and Business-related Crimes in Casino and Control Counties



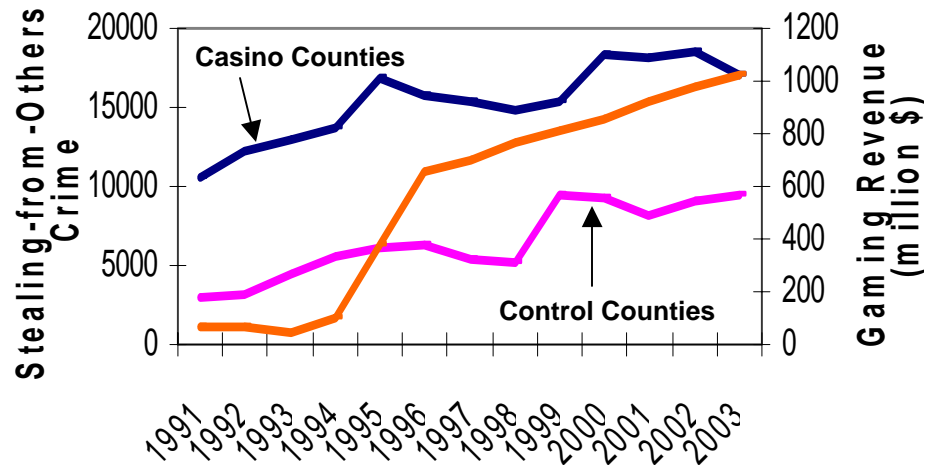
Crime: Stealing From Others

Visual Trend

Adjusted Gaming Revenue (million \$) and Stealing-from-Others in Iowa

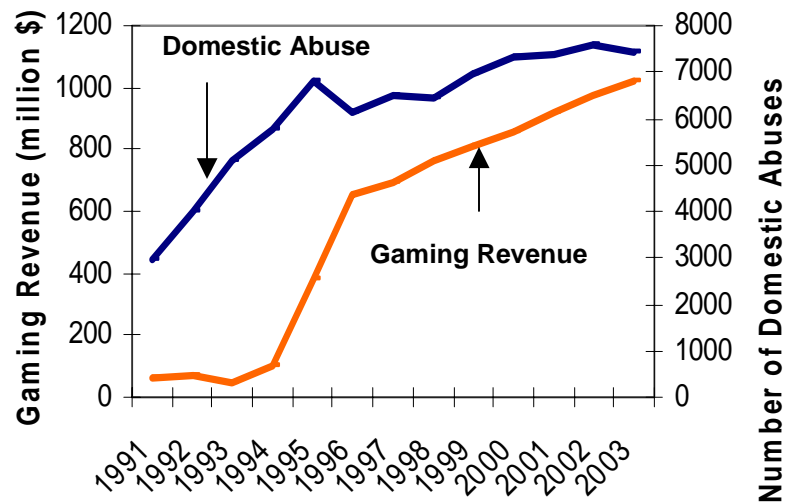


Adjusted Gaming Revenue and Stealing-from-Others in Casino and Control Counties

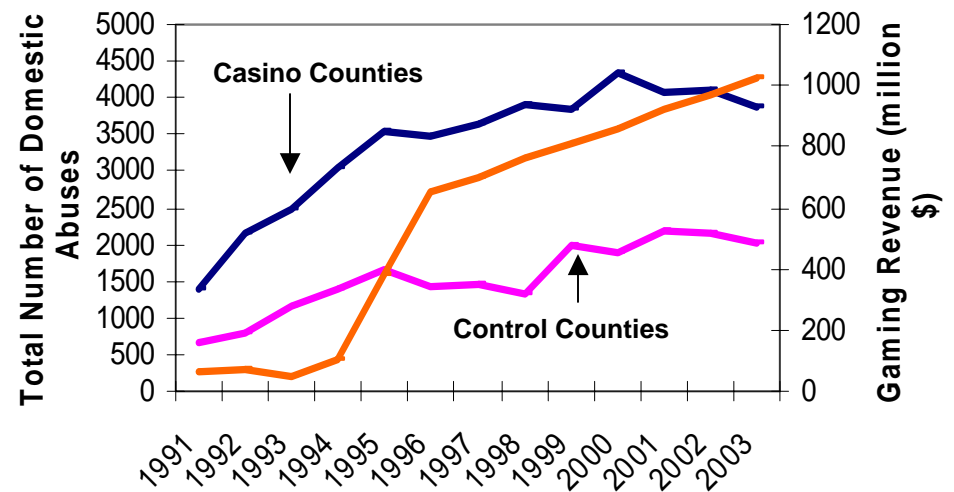


Crime: Domestic Abuse Visual Trend

Adjusted Gaming Revenue and Domestic Abuse in Iowa



Adjusted Gaming Revenue and Domestic Abuse in Casino and Control Counties



Summary

- This study shows both negative and positive impacts of gambling
 - *Positive economic impacts are generated in terms of output, value added, and employment, and contributions to the State, City, and County.*
 - *However,*
 - *Employment rate in casino and control group of counties is similar*
 - *31.5% of the induced effects are lost to adjoining states*
 - *Pointers of positive association between bankruptcy and gambling*
 - *More promotional funds required for Iowan Gambling Treatment Program*
 - *Residents and social service providers are concerned to see senior citizens squander their money away*
 - *Iowans want to see better use of gambling tax revenue*

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